

## CASE STUDY

# Defense Contractor Eliminates Cost Variance in Major Program, Improving Margin and Improving Competitiveness

## Overview

- Leading manufacturer of electronic warfare systems was struggling to meet on-time shipments.
- Analyzed production processes, prioritized high-impact improvement areas, and implemented tracking, governance, and quick-win initiatives to reduce HPU variability.
- The company was able to better manage hours per unit, reduce overall systems costs, and improve process accountability.

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## About TBM

### Speed wins every time.

TBM specializes in operations and supply chain consulting for manufacturers and distributors. We accelerate operational performance to make you more agile and help you accelerate business performance 3–5x faster than your peers.

## Challenge

- Leading manufacturer of electronic warfare systems was struggling to meet on-time shipments and align actual production costs with the budget set during development.
- Needing to remain competitive for future government bids, reduce the ship-set hours per unit (HPU) and get them in line with the budget, while improving customer delivery performance.

## Solution

- Conduct data analysis, interviews and make floor observations to thoroughly dissect production steps.
- Develop impact/difficulty assessment and timelines with RACI and SPI indexes to identify and prioritize processes driving HPU variances.
- Implement management tools to bring focus to and track HPUs for the steps deemed the critical few.
- Create a war room to track project deliverables.
- Implement quick wins and long-term sustainment opportunities.

## Results

- **180% improvement in hours per unit** opportunity achieved; goals was to identified at least 195 hours/unit and the team achieved 342 hours/unit.
- **\$1MM + in cost reduction** opportunity identified.
- Embedded improved **variance-to-target tracking system** to better identify, prioritize and sustain improvements.
- Improved ability to **satisfy on-time delivery and meet budgetary commitments.**